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News and Views

from the Farm Management Staff



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UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL EXTENSION SERVICE
Division of Agricultural Economics Programs
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Dear Farm Management Extension Workers:

Vertical Integration - Where To From Here?

Vertical integration as a form of doing business has been on the increase in agriculture. Much is being written and said about it, but apparently the facts concerning its extent and probable impact are scarce. The recent upsurge in interest in this development is due in part to its extension from the broiler industry to other livestock enterprises.

At a joint conference between the Farmers Cooperative Service and our Division, O. J. Scoville and R. L. Mighell of the Farm Economics Division, ARS, presented the enclosed discussion of vertical integration. We thought you would be interested in reading their discussion of the development, the possible effects, and some of the problems that are connected with this business form in agriculture.

Of course, extension workers are interested in the extent and effects of integration since they have a responsibility to provide individuals and groups in agriculture with information needed to analyze such developments. You will note that Scoville and Mighell state that the full extent is not known although work is being done in this area. Lowell Hardin of Purdue states ^{1/} that, "The possibilities and problems of integration are not yet sufficiently clear to chart the path that farmers will follow."

Concern that Extension is not now armed with facts that it needs to fulfill its obligation to agriculture was expressed by one extension economist in his annual report. "One of the most pressing and possibly revolutionary changes in agriculture is the development of vertical integration as a new concept in the financing, managing, and distribution of agricultural output. We are going to be caught flatfooted unless immediate steps are taken to examine and appraise this institutional development."

The conclusion of our joint conference with FCS was that research is needed to get more facts about the extent and impact of vertical integration in agriculture. These facts are essential to Extension in helping farm families make management decisions in the light of this changing structure of American business in agriculture.

^{1/} "Today's Changes and Tomorrow's Farmers," from Better Farming Methods, June 1957.

Arkansas Training Conference for Specialists
Uses Problem Approach

A 2-day training conference in Hot Spring County, Arkansas, was focused on problems that confront a group of dairy farmers in the Bismark area of that county. Participants were the district supervisor, the county agent, the associate agent in farm and home development, specialists in soils, crops, dairy sciences, and farm management, and three farmers. The FHA supervisor shared in one of the sessions.

One purpose of the training conference was to explore means by which specialists can better service county agents in their work on problems that are common to groups of farmers. The group worked together in carefully identifying and defining the problems posed by the three farmers. Each participant contributed in a process of listing, comparing, and testing alternative solutions.

This procedure was in sharp contrast, of course, with that in which each specialist makes his own contacts with the agents independently of other specialists. It was decidedly more helpful to the agents.

By carefully studying the area and the three representative farms with the agents and the supervisor, and pooling their specialized knowledge, the specialist participants came to recognize new needs for information from their specialty fields and needs for closer teamwork among themselves and with agents and supervisors.

Some information already prepared by cooperation between specialists in farm management and other subject-matter areas proved to be highly essential to solutions of the problems. The group was able to identify needs for some local information that is also essential. And, of equal significance, the specialists were able to contribute specialized knowledge and data that may not need to be emphasized Statewide but are of great importance in the specific problems that confront this particular group of farmers.

American Farm Economic Summer Meeting
Appealed to Extension

The recent summer meeting at Lake Junaluska, North Carolina, was well designed to appeal to the interest of extension economists. In addition to the usual sessions, two 1 1/2-day sessions were planned where research and extension were discussed on the same program. Also, the sessions on farm and home development and rural development were directly related to extension work. The last half-day was given over to 10-minute papers in various section meetings. Five were offered in the Farm Management Extension Session. These provided a real opportunity for workers in various fields to discuss their problems and opportunities.

The conference was attended by approximately 30 extension specialists in farm management, largely from the eastern half of the country. It would seem to be a fair prediction that such programs as this one will cause more extension workers to want to tap this resource as a means of keeping up with new developments and thinking in their field.

Michigan State Annual Farm Management Tour
A Smashing Success

Approximately 1,500 people attended the Michigan State Annual Farm Management Tour. An intensive dairy farm was visited in the morning and an intensive feeder cattle farm in the afternoon. Highlights of the day included interviews with the families, bringing out the basis for the management decisions they were making. These were summarized visually for the audience. As one district supervisor said, "There is farm and home development in action." These farms suggested bold steps that ag. producers must take in the future. This discussion was brought to a fitting climax by a speech by C. M. Hardin, Chancellor of the University of Nebraska. The chancellor's speech was followed by a demonstration of seeding rye in corn by airplane. Some people were probably shocked by the capital investment, the use of credit, and the bold optimistic management steps being taken on these farms. It is certain that most of the 1,500 people will reflect on these for days to come and again when they are faced with similar decisions.

While tours of this sort are costly, they accomplish joint objectives of education and public relations. A successful tour should be complementary to the entire extension program. All in all, it was the consensus of opinion that the objectives of the Michigan State tour were well accomplished.

North Dakota Holds 3-Day Farm Management Workshop

The county agents asked that farm management be emphasized on their annual conference program. In opening the meeting Director Haselrud said, "It was through program projection and farm and home development work that we have come to realize that we are mere infants in farm management and that we need to give it more emphasis in the years ahead." After this fitting introduction sessions were held on all of the major management areas. Our attempt to discuss the task of applying this information into the county program is enclosed.

You Should See

Cattle Feeding in California, Bank of America, San Francisco, California, February 1957. This publication examines the growing cattle feeding industry in California. It considers such points as the cost structure of the industry, the feeding margin and price risk, and the future of cattle feeding in California.

Some Characteristics of Farm and Home Development in Wisconsin, Preliminary Report No. 2, C. L. Cleland and E. A. Wilkening. This preliminary report on farm and home development work indicates the nature and scope as well as some of the problems related to farm and home development work in Wisconsin. While the research is confined to Wisconsin, it is likely that much of the discussion can be expanded to a wider universe.

Employment and Underemployment of Rural People in the Upper Monongahela Valley, West Virginia, Bulletin 404, West Virginia Agricultural Experiment Station. This study by Wm. H. Metzler and Ward F. Porter studies the situation of people in this valley as to economic position, source of income, and willingness to change. It also traces some who did change both to and from agriculture. This is a broad economic and sociological study and sheds much light on the adjustments that must be made in areas of this sort.

Farms Are Growing Larger, Illinois Experiment Station Bulletin No. 613. This study by M. L. Mosher, Professor of Farm Management Emeritus at the University of Illinois, traces farm size changes that have occurred in agriculture of that State and the implications for farm planning, community development, and national farm policies. Note particularly the distribution of farm family earnings and the percent of families that fall into various income classes from 1929 to 1947. (Limited copies enclosed.)

Personnel Notes

Leonard Kyle, farm management specialist at Michigan State, left in August for a 2-year period in Colombia, South America. He will continue farm management work under the contract that Michigan State has with Colombia.

Robert Finley, who has been a farm management specialist in Illinois, recently resigned to accept a teaching and research appointment at the University of Nebraska.

Steve Love, who has been a farm management specialist in Kansas, has recently resigned to occupy a newly endowed chair of agricultural economics at the University of Houston in Texas.

Verle Houghaboom has returned to his former farm management extension position in Vermont following 2 years of graduate work at Michigan State University. For the coming year he will be on a joint research-extension appointment.

Rudolph J. Becker, formerly with the Tennessee Valley Authority, has accepted a position in farm management extension work at Pennsylvania State University.

J. G. Algood recently joined the farm management extension staff in North Carolina.

Rupert B. Johnston is back at State College, Mississippi, as leader of the farm management extension work in that State, after spending some time at Cornell University doing graduate study.

Tim Wallace, farm management specialist in Nevada, has resigned to accept a position in the Agricultural Economics Department at Purdue.

Gene Quenemoen, farm management specialist in Montana, is taking leave for advanced work in agricultural economics at the University of Michigan. Warren Trock will take over the farm management work in Montana while Gene is away.

Sincerely yours,

J. B. Claar

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Enclosures